

May 8, 2020

**TO:** LEA Finance Officers  
**FROM:** Alexis Schauss  
**SUBJECT: CLOSING PROCEDURES FOR FISCAL YEAR 2019-2020**

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To comply with the North Carolina Office of State Budget and Management's closing deadline for the fiscal year ending June 30, 2020, please adhere to the following closing procedures.

Failure to adhere to the instructions within this memorandum could result in your local education agency (LEA) unnecessarily reverting funds or creating salary audit exceptions.

**Close Out Dates and Procedures**

**JUNE 8** By this date, please review the contact information DPI has on file for your LEA. The file list contacts for LEA data file questions and BUD/adjustment questions. The file is located at <https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/datafilecontacts.pdf>. If the contact information is not correct, email the correct name, direct telephone number and email address of the LEA's finance officer to Icilma Burroughs at [icilma.burroughs@dpi.nc.gov](mailto:icilma.burroughs@dpi.nc.gov).

The list should include the primary and secondary contact person who will answer data files questions, and the contact person who will handle BUD/adjustments questions.

**JUNE 30 Prior to midnight June 30, 2020, ensure you have completed the following:**

Submit your UERS data files, including MFR and installment accrual files, via eMFTS (electronic managed file transfer service).

Transmit all expenditures/salary adjustments and refunds using BUD or vendor software.

REMINDER: DPI prefers small batches when transmitting BUD batches. Keep those batches containing June vouchers separate from those containing vouchers cut in May or earlier.

Refund all over expended allotments (dollars and positions).

**JULY 1** DPI will begin pulling data on or after 12:01 AM Wednesday, July 1, 2020.

Your LEA financial contact **MUST** be available by 7:00 AM Wednesday, July 1, 2020. The LEA contact is responsible for making sure that DPI receives all required data files. This individual, must be available until DPI sends a communication notification that the data passed all the preliminary validations.- DPI will contact the individual on the LEA list found at <https://files.nc.gov/dpi/documents/fbs/finance/reporting/uers/datafilecontacts.pdf>.

**JUNE 30** Submit your BAAS (federal budget amendments) files reflecting federal program activity for the fiscal year.

### **Closing Procedures: State Public School Fund and Federal Programs**

#### **A. UERS Data File Transfer**

You must complete your data files for all June activity and send to DPI via eMFTS by **midnight, Tuesday, June 30, 2020.**

If you discover problems with your data and need to resend your files, you must notify DPI by 7:00 AM on July 1, 2020, of the need to resend. Please notify Icilma Burroughs at 919-807-3715 or [icilma.burroughs@dpi.nc.gov](mailto:icilma.burroughs@dpi.nc.gov).

**Note:** DPI will not be able to close out the fiscal year until **all** June 2020 data files are received from all LEAs. If any LEA's June 2020 data files are not available by the deadline, it affects DPI's ability to close out the entire State Public School Fund.

Your financial contact **MUST** be on-site by 7:00 AM on Wednesday, July 1, 2020. If the initial transfer does not process successfully, DPI will notify you and ask you to transfer your data again. This process will repeat until DPI has received clean files from all LEAs.

**The contact person at your LEA is released only once you have received a confirmation notification that your data has been received and verified.**

#### **B. Special Note on June Expenditures**

1. For personnel paid from state or federal funds, all time worked in June **must** be paid by June 30, 2020. The funding of FY 2020 salary expenditures may **not** be carried over into July 2020, regardless of the allotment or funding source (except for local funding). This includes funds which may carryover (e.g., At-Risk Student Services).

Checks must be issued by the date due. All state and federal obligations of fiscal year 2020, including time worked in June, must be paid by June 30, 2020. The only exception is the payment of the 11th & 12th month installment payments, which must be accrued on June 30, 2020.

Payments to personnel employed in allotment categories which may carry over to the next fiscal year (such as PRC 069) are not exempt from this requirement. Payments for time worked in the fiscal year 2019-20 but not paid until the 2020-21 fiscal year, will

result in a salary audit exception and the LEA is required to refund the State (this does not apply to salaries paid from local fund source).

2. You may only pay for goods and services with fiscal year 2019-20 funds if you have received the goods and services. Payments made prior to receipt of goods and services are subject to repayment to the State.
3. **Federal Only** – federal grant June expenditures with an object code *higher than object code 300* may be paid after June 30<sup>th</sup> if the federal grant has a September 30<sup>th</sup> end date.
4. All BUD expenditure adjustments for the 2019-20 fiscal year must be received by midnight, June 30, 2020. There will be a limited correction period. DPI will communicate specific instructions regarding the corrections window in the School Business newsletter.

#### **C. Automated Accrual Adjustment Files for the 11th and 12th Installments**

1. You must transmit your accrual file by midnight on June 30, 2020.
2. Only accrue installment payments and appropriate matching benefits to be paid in July and/or August. Do not accrue installment payments made in June.
3. Please remember that the current employer's matching retirement rate for FY 19-20 is 19.70%. If you accrue the retirement rate at 19.70%, your installment payments must be paid at 19.70% to avoid the need for installment collapse entries.
4. Review Attachment I for procedures for processing the accrual and payment of the eleventh (11th) and twelfth (12th) installments.

#### **D. Refunds and Adjustments**

You must refund all over expended dollar and position allotments for current and prior year, by midnight June 30, 2020. Allotment overdrafts constitute a violation of Cash Management Statutes (G.S. 147-86.11 and 147-86.12). When you receive notification of exceptions, you are already in violation of the General Statutes.

All expenditures/salary adjustments and refunds must be submitted by midnight June 30, 2020.

Refunds for fiscal year 2019-20, which are received by DPI *after* July 1, 2020, will be rejected. They will need to be resent as prior year refunds. These funds will not be available for expenditure by the LEA in either FY 2019-20 or 2020-21.

**Beginning Monday, April 6, 2020 through Tuesday, June 30, 2020**, DPI started receiving and processing BUD batches twice a day. Details of the processing times are provided in the Finance Officer's newsletter each week through June 30, 2020. Please receive your BUD files daily and immediately make corrections to any denied batches.

LEAs will have the opportunity to correct and resubmit denied batches from the June 2020 salary voucher load. DPI communicates specific instructions regarding the correction window in the Finance Officer's newsletter. Remember to provide the Division of School

Business your LEA contact for adjustments and refunds by the June 8, 2020 deadline.

#### **E. State Program Report Codes (PRCs) Which Carry Over if Approved by OSBM**

There are several allotment categories scheduled to carry over from FY 2019-20 into FY 2020-21. **However, all carryover funds are dependent on approval by the Office of State Budget and Management.** Carryover, if approved, will be allotted in FY 2020-21 in Allotment Revision 3.

**Remember.** Time worked in June may **not** be carried over into July 2020, regardless of the allotment or funding source (except for local funding). This includes funds that may carryover (*e.g., At Risk Student Services*).

Unexpended funds as of June 30, 2020, may carryover for the following PRCs, if approved:

**School Technology Funds (PRC 015)** - Unexpended funds will remain in the interest-bearing account until spent.

**Advanced Teaching Roles (PRC 022)** - Unexpended funds will carry forward.

**CTE Grade Expansion Program Grant (PRC 064)** - Unexpended funds will carry forward until funds are expended.

**At-Risk Student Services/Alternative Schools (PRCs 068/069)** - Unexpended funds will carry forward until August 31, 2020. Any unexpended funds as of August 31, 2020, will revert to the State

**Textbook Funds (PRC 130)** - Calculate the carryover as follows: June 30, 2020, balance carried over into FY 2020-21, plus FY 2019-20 allotments, less FY 2019-20, expenditures equal allowable carryover. Transfers into this allotment from other PRCs are not allowed to be carried over and will not be included in the calculation.

**LEA System Modernization (PRC 153)** Unexpended funds will carryforward until the end of the LEAs project.

#### **F. Hospitalization**

##### **Employee Deductions**

10-month employees receiving their pay within the 10 months (i.e. 10 checks):

1. Deduct the two additional months for employee hospitalization premiums from the June voucher (if you have not done so in previous months).
2. Issue a voucher to place these deductions in a local non-interest-bearing account.
3. Remit to the proper vendor a local voucher from this non-interest-bearing account

during the month the premium is due.

The June deductions for July hospitalization coverage vouchers must be issued for the employee contributions in June. Do not mail the checks now. Mail to the proper vendor in July, when the premiums are due

For employees on installments, deductions for employee premiums shall be made from the employee's 11<sup>th</sup> and 12 installment vouchers and paid during the month they are due.

### **Employer Payments**

Only twelve months of employer matching payments for hospitalization are eligible to be paid from any fiscal year.

Do **NOT** accrue these premiums; they must be paid during the month the premiums are due.

Therefore, the matching for July hospitalization coverage cannot be issued to the vendor until July and must carry a July voucher date.

Mail the employer matching checks along with the deduction checks to the vendor in the first week of July.

Remember, all employer salary-related contributions for full-time permanent employees, including hospitalization benefits, are to be prorated based on the **actual percentage employed in each fund**.

Please see the memo **Clarification of Guidelines for Payment of Health Insurance Coverage**, regarding the payment of health insurance coverage. This letter is located on the Financial and Business Services / Resources / Memos site:  
<https://files.nc.gov/dpi/documents/fbs/resources/memos/healthcoverage.pdf>.

### **G. Preparation of Personal Service Vouchers at the Close of the Fiscal Year**

Make sure all absences for the year through the last workday have been reported and appropriate deductions made. Any other adjustments should be made now. Make any required salary adjustments if pay line gross is not in agreement with the assigned certified salary.

If an individual paid on 12 installments resigns, retires, or is otherwise separated from the LEA, **that individual must be paid in full by the next scheduled pay date following the effective date of separation**. Therefore, an individual being paid on 12 installments who resigns, retires, or is otherwise separated from the unit in June, must be paid in full in June and will not be eligible to receive vouchers after June 30, 2020. (See G.S. 115C-302.1).

If an employee retires, resigns, is terminated, or is separated by a reduction-in-force and is eligible to receive accumulated **annual leave of up to 30 days, (as well as payment for any bonus leave balance)**, **that payment must be made by June 30, 2020**. An employee who is retiring cannot work or use paid leave days during the month the retirement becomes effective.

Longevity must be paid by June 30, 2020, for any eligible employee who is retiring, resigning, or terminating.

On June 30, any employee who has over 30 days of annual leave shall have that excess transferred to sick leave.

On June 30, you must convert personal leave more than 5 days to sick leave.

Retirees: If a retiree is participating in the State Health Plan (SHP), the SHP coverage will change from the active group to the retiree group upon retirement. For more information, see <https://www.myncretirement.com/retirees/manage-my-account/my-health-coverage>

## H. Federal

### Indirect Costs

Calculate the LEA's indirect cost in June and include the amount in 11th and 12th installment accruals. **Pay all indirect costs in June.** Sales and Use Tax refunds received should be included when calculating indirect costs.

### Deadline for Federal Budget Amendments

DPI must receive your budget amendments reflecting federal program activity for the fiscal year ending June 30, 2020 by midnight June 30, 2020.

An amendment is required if you have cumulative transfers, which exceed or are expected to exceed 10% of the current total approved budget. Therefore, you should take into consideration **all** project activity before submitting your final budget amendment for FY 2019-20. Make the appropriate changes at the local level for any over expended projects, as they are subject to an audit exception.

It is important to resolve any discrepancy before the close of the current fiscal year. Contact the appropriate DPI Federal Program Administrator with any questions concerning budget amendments. The list of Federal Grants Administered by the North Carolina Department of Public Instructions FY 19-20 can be found at: <https://www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/federal-fiscal-oversight-and-compliance>

## I. Deadline to Request Federal and State Cash for FY 2019-2020

The last day by which you may request **Federal cash** for FY 19-20 is **Tuesday, June 23, 2020** with a **Funds Requirement Date (FRD) of Monday, June 29, 2020.**

The last day by which you may request **State cash** for FY 19-20 is **Wednesday, June 24, 2020** with a **Funds Requirement Date (FRD) of Monday, June 29, 2020.**

## J. UERS Data Transfer Schedule for LEAs for Fiscal Year 2020-2021

The UERS Data Transfer Schedule for LEAs for Fiscal Year 2020-2021, is included as Attachment II and a link to this schedule is also located on the Financial and Business Services website on the Financial Reporting page: <https://www.dpi.nc.gov/districts->

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[schools/district-operations/financial-and-business-services/school-district-finance-operations.](#)

If you have any questions pertaining to the items in this letter or in the attachments, please contact Roxane Bernard at (919) 807-3725, email [roxane.bernard@dpi.nc.gov](mailto:roxane.bernard@dpi.nc.gov)

AS/RLB/dkm

Attachments

ATTACHMENT I

**STATE PUBLIC SCHOOL FUND and FEDERAL FUND**

**ELEVENTH- AND TWELFTH-MONTH INSTALLMENTS - 2019-2020**

The following procedure should be used by local education agencies in processing the accrual and payment of eleventh (11th) and twelfth (12th) salary installments for state funds:

- A. June - Accruing and Reporting of 11th and/or 12th Installment Expenses**
  - 1. You must transmit your accrual file by midnight on June 30, 2020.
  - 2. Only installment payments and appropriate matching benefits paid in July and/or August are to be accrued, not those installment payments made in June. **Please remember that, currently, the retirement rate effective July 1, 2020 is 19.70%.**
- B. July and August Reporting and Vouchers**
  - 1. The July and August installment payments and associated matching benefits must be charged to the same account code that the salary and matching benefits were charged to in the prior fiscal year for these individuals. **You must pay July and August installments at the retirement rate that you used to accrue the retirement benefits.**
  - 2. You may now reverse accruals on your records. No supporting documentation regarding accrual reversals is required to be submitted to the School Financial Reporting Section.
- C. General Comments**
  - 1. **Do not** write installment vouchers in June for payments required to be paid after June 30, 2020.
  - 2. Federal - Do report the anticipated expense (obligation) in June by way of the accrual adjustment and record this accrued expense on your records.
  - 3. Request enough cash for your account in July and in August to cover that month's vouchers (including installments).
  - 4. No supporting documentation regarding accrual reversals is required to be submitted to the School Financial Reporting Section. The installment payment collapse into the special installment accounts will be handled by DPI on the September 2020 Allotment Balance Reconciliation Report (JHA-351) for State. Reversal for the installment accruals will be handled by DPI on the September 2020 Budget Balance Reconciliation Report (JHA-305) for Federal.
  - 5. State - Any minor differences between the actual installment payment and the accrual reversal remaining in the current year expenditure code on



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your **general ledger** should be moved by journal entry to the installment collapse codes: 1-5110-001-120, 1-5110-001-210, and 1-5110-001-220.

Do not process the installment collapse codes in the BUD system.

Federal- Any minor variations between amounts "accrued" and actual voucher totals will be treated as current expenses for the month in which the vouchers are written.

**UERS DATA TRANSFER SCHEDULE for  
LEAs  
Fiscal Year 2020-2021**

<b>LEA Annual Financial and Statistical Data Requirements -Annual Financial Report (AFR)</b>		
Statistical Data		Annually
AFR	13th month FY 19-20 (Preliminary)	07/23/20 (Thursday)
AFR	13th month FY 19-20 (Final)	08/14/20 (Friday)
<b>LEA Fiscal Data Transferred to LEAs and Monthly Financial and Statistical Data Requirements (MFR)</b>		
<b>2020</b>	July	08/04/20 (Tuesday)
	August	09/02/20 (Wednesday)
	September	10/02/20 (Friday)
	October	11/03/20 (Tuesday)
	November	12/02/20 (Wednesday)
	December	01/04/21 (Monday)
<b>2021</b>	January	02/02/21 (Tuesday)
	February	03/02/21 (Tuesday)
	March	04/02/21 (Friday)
	April	05/04/21 (Tuesday)
	May	06/02/21 (Wednesday)
	June	06/30/21 (Midnight Wednesday night) (Tentative, pending official FY 20-21 close-out letter)